

Message Text

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ACTION EA-14

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TO SECSTATE WASHDC 5564

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C O N F I D E N T I A L SYDNEY 1433

E.O. 11652: ADS, DECLAS 10-1-74

TAGS: ETRN, BEXP, ETRD, PFOR, AS

SUBJ: PORT CONGESTION SURCHARGE

REF : SYDNEY 0634, SYDNEY 0635

1. THE MARITIME SERVICES BOARD OF THE GOVERNMENT OF NSW ANNOUNCED THAT THE GOVERNMENT OWNED AND OPERATED GLEBE ISLAND CONTAINER DEPOT HAS BEEN LEASED TO A CONSORTIUM MADE UP OF (A) US FLAG CARRIER FARRELL LINES, (B) LINER SERVICES PTY. LIMITED, OWNED BY FARRELL AND THEIR AUSTRALIAN AGENTS WILHELMSEN, (C) COLUMBUS OVERSEAS SERVICES PTY. LTD., OWNED BY COLUMBUS LINES, A GERMAN FLAG CARRIER OF HAMBURG, GERMANY AND (D) JAMES PATRICK AND COMPANY, A STEVEDORING FIRM PRESENTLY SUPPLYING LABOR FOR GLEBE ISLAND TERMINAL.

2. PROVISIONS OF LEASE PROVIDE OPERATIONS WILL START NO LATER THAN OCTOBER 10, 1974 FOR A PERIOD OF FIFTEEN YEARS AT AN ANNUAL LEASE RATE OF DOLS A750,000 AND THE PURCHASE BY THE CONSORTIUM OF THE TERMINAL EQUIPMENT AT A PRICE OF DOLS A1.84 MILLION.

3. REFTELS OUTLINE BACKGROUND OF PORT CONGESTION AT
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SYDNEY DURNAL PAST YEAR LEADING TO IMPOSITION BY BOTH

THE ATLANTIC-GULF-AUSTRALIAN-NEW ZEALAND CONFERENCE OF A SURCHARGE ON OCEAN FREIGHT TO SYDNEY, BUT WHICH HAS BEEN POSTPONED INDEFINITELY BY THE CONFERENCES AND NEVER ENFORCED. THE DECISION BY THE MSB AND THE NSW MINISTER OF PUBLIC WORKS LEON PUNCH TO LEASE THE GLEBE ISLAND TERMINAL TO PRIVATE INTERESTS TO OPERATE WAS INSTRUMENTAL IN THE NON-ENFORCEMENT OF THE SURCHARGE.

4. THE CONSORTIUM PLANS TO OPERATE THE TERMINAL FOR LONGER HOURS WITH MORE LABOR IN ORDER TO FACILITATE THE HANDLING OF SHIPS AND CONTAINERS WHICH IT FEELS WILL DECREASE TURN AROUND TIME FOR SHIPS USING THE TERMINAL.

5. THE CONSORTIUM WILL FORM A NEW OPERATING COMPANY WHOSE BOARD WILL BE COMPRISED OF TWO MEMBERS FROM EACH OF THE FOUR COMPANIES AND WILL INCLUDE SIR REGINALD REED OF PATRICKS AS CHAIRMAN, IRVING LUDWIG AND HORST RILK FOR COLUMBUS LINES, DAVID PLAYFAIR (CHAIRMAN OF WILHELMSSEN AGENCY) AND CAPTAIN TOM MANLEY, YER LINER

SERVICES AND CAPTAIN CARL SWENSON, NEW YORK AND GEORGE JONES, OWNERS REP, SYDNEYZX FOR FARRELL LINES.

6. POST COMMENT

THE LEASING OF GLEBE ISLAND TERMINAL TO A CONSORTIUM WITH A LARGE US INTEREST WILL SIGNIFICANTLY ASSIST WITH THE HANDLING OF SOUTHBOUND CARGO FROM THE US EAST COAST IN SYDNEY, SINCE THE NEW OPERATORS PLAN TO LEASE ADDITIONAL LAND FOR THE STORAGE OF CONTAINERS, EXPAND TRUCKING OPERATIONS BY LINER SERVICES TO MOVE CONTAINERS FROM THE DOCK, USE TECHNICAL PERSONNEL FROM ALL THE INTERESTED COMPANIES TO OPERATE THE TERMINAL, AND IN THE LONG TERM LEASE AND/OR BUILD ADDITIONAL WHARF SPACE FOR AVHANDLING OF BULK AND ZVNON-CONTAINER CARGO. THE LOCAL DOCK SIDE LABOR UNIONS, ACCORDING TO A REPRESENTATIVE OF THE CONSORTIUM, HAVE INDICATED A WILLINGNESS TO COOPERATE IN EXPANDING THE TERMINAL WORK FORCE AND INSURE A SMOOTH WORKING OPERATION.

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